

Message Text

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ACTION L-03

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 6892

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: PFOR, HO, GW

SUBJECT: GERMAN WWII EXTERNAL ASSETS CONFISCATED BY
HONDURAS

REF: (A) BONN 11552; (B) STATE 148373

1. AS ANTICIPATED BY DEPARTMENT IN REFTEL (B), FONOFF
REP (BAEUMER, LEGAL DIVISION) REFERRED TO ARTICLE 4(1)
OF CHAPTER 6 (REPARATIONS) OF CONVENTION ON SETTLEMENT
OF MATTERS ARISING OUT OF THE WAR (IN ITS 1954 VERSION),
STATING THAT ASSETS IN QUESTION WERE MAINLY PROCEEDS OF
GERMAN EXTERNAL ASSETS HELD IN CERTAIN ACCOUNTS. HE
SAID FRG HAS BEEN DISCUSSING RETURN OF THESE ASSETS WITH
GOH SINCE ABOUT 1955 IN CONNECTION WITH RESUMPTION OF
DIPLOMATIC RELATIONS, AND OFF AND ON EVER SINCE THOSE
RELATIONS WERE REESTABLISHED IN 1959. FRG WAS ASSERTING
VALUE TO BE ABOUT DM 19 MILLION, BEING THE VALUE THE FRG
CONSIDERS THE ASSETS TO HAVE HAD AT TIME OF CONFISCATION
(MAINLY LARGE PLANTATIONS). HE SAID MANY OF THE ASSETS
WERE CONFISCATED AND SOLD OR AUCTIONED UNDER WHAT FRG
CONSIDERS TO BE MURKY LEGAL CIRCUMSTANCES AND FAR BELOW
TRUE VALUE. FRG HAS BEEN NEGOTIATING FOR RETURN OF
ASSETS THEMSELVES AND/OR SOME PORTION OF THE IDENTIFI-

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ABLE PROCEEDS AND HAS, ON SEVERAL OCCASIONS, THOUGHT

AGREEMENT NEAR, ONLY TO FIND THAT SUBSEQUENTLY GOH RE-NEWED EFFORTS TO DISCLAIM ANY OBLIGATION OR TO REDUCE EVEN FURTHER AMOUNT GOH WOULD PAY TO FRG. FYI: BAEUMER INDICATED THAT FRG WOULD BE HAPPY TO SETTLE FOR DM 4 MILLION, WHICH WOULD BE DISTRIBUTED PRO RATA TO FORMER GERMAN OWNERS OR THEIR HEIRS. END FYI.

2. IN LIGHT OF THIS EXPLANATION AND EXPLANATION BY BAEUMER THAT HONDURAS WAS AT WAR WITH GERMANY AND NOT MEMBER IF IARA, IT APPEARS THAT NEGOTIATIONS BY FRG REGARDING THESE ASSETS ARE AUTHORIZED BY ARTICLE 4(1) AND THAT GOH QUESTION TO EMBASSY TEGUCIGALPA IS ANOTHER GOH EFFORT TO AVOID SETTLING WITH FRG ON THESE ASSETS. BAEUMER EXPRESSED SOME SURPRISE THAT EMBASSY SHOULD, ON INSTRUCTIONS, RAISE THIS MATTER AT ALL, AND INITIALLY ASKED WHETHER EMBASSY QUESTION WAS AN OFFICIAL ONE OR NOT. EMBOFF RESPONDED THAT IT WAS ATTEMPT TO ASCERTAIN FACTS RELEVANT TO DETERMINATION AS TO LEGAL SITUATION UNDER ACC LAW NO. 63 AND PROVISIONS OF SETTLEMENT CONVENTION.

3. IN VIEW OF APPARENTLY COMPLEX AND DRAWN-OUT NATURE OF FRG-HONDURAN NEGOTIATIONS ON THIS TOPIC, AND FONOFF REP'S EXPLANATION OF NATURE OF ASSETS IN QUESTION AND EXPRESSION OF SENSITIVITY AT EVEN INFORMAL US INTERJECTION IN THIS MATTER, EMBASSY BELIEVES WE SHOULD SEEK TO AVOID AS MUCH AS POSSIBLE BEING DRAWN INTO THIS MATTER. EMBASSY SUGGESTS THAT EMBASSY TEGUCIGALPA INDICATE THAT WHILE THERE IS NO RECORD OF THREE-POWER APPROVAL TO FRG CLAIMS AGAINST GOH, WE UNDERSTAND THAT FRG IS RELYING ON PERMISSION CONTAINED IN ARTICLE 4(1), CHAPTER 6 OF SETTLEMENT CONVENTION AS AUTHORITY FOR ITS NEGOTIATIONS ON THIS MATTER WITH GOH SINCE ABOUT 1955. CASH

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